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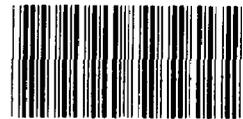
General Accounting Office

Changes In Rent Burdens And Housing Conditions Of Lower Income Households

GAO's analysis of housing and income data collected by the Bureau of the Census and the Department of Housing and Urban Development disclosed that among lower income households--those with incomes of 80 percent or less of an area's median family income--the number paying rents in excess of 30 percent of their incomes increased by about 4.1 million--from 7.8 million in 1975 to 11.9 million in 1983. The number paying in excess of 50 percent of their incomes increased by about 2.6 million--from 3.7 million in 1975 to 6.3 million in 1983.

GAO found that the most significant increases occurred among very low-income households, that is, those with incomes of 50 percent or less of an area's median family income. By 1983, nearly half of these households paid more than 50 percent of their incomes for rent, compared with 38 percent in 1975.

GAO also found that the percentage of lower income households living in adequate housing units increased slightly between 1975 and 1981.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

B-217974

The Honorable Donald W. Riegle, Jr.
Ranking Minority Member
Subcommittee on Housing and
Urban Affairs
Committee on Banking, Housing
and Urban Affairs
United States Senate

Dear Senator Riegle:

On April 3, 1984, you asked us to study the status of housing for lower income households.¹ As part of that request, we reviewed data from the Annual Housing Survey (AHS) to determine rent burdens--rent divided by gross income--and housing conditions of lower income households.

On March 11, 1985, we briefed your office on the status of our review, including a discussion of the AHS data. At that time, we were requested to provide you with this letter describing rent burdens and housing conditions (adequate or inadequate) of lower income households. We agreed to divide the lower income population into two groups: those at 50 percent or less of area median family income and those over 50 to 80 percent of area median family income. For each group, we agreed to provide data on rent burdens for the period 1975-81 and 1983, and housing conditions for 1975-81. The AHS was not conducted in 1982 and is conducted biennially beginning in 1983. The 1983 data on housing conditions are not expected to be available until July 1985.

In summary, we found that the number and percentage of lower income households with rent burdens in excess of 30 percent increased by about 4.1 million--from 7.8 million (54 percent) in 1975 to 11.9 million (64 percent) in 1983. Although lower income households experienced this upward shift in rent burdens, the percentage of these households living in adequate housing improved slightly.

¹Lower income households are those with gross annual incomes of 80 percent or less of an area's median annual family income, adjusted for household size.

The remainder of this letter presents background on the AHS and how we used it to satisfy your request, and identifies trends in the rent burdens and housing conditions of lower income households. In identifying trends in rent burdens, we did not analyze the incomes of lower income households in relation to their overall living expenses. Accordingly, we are not drawing conclusions on the general well-being of these households.

USE OF THE ANNUAL HOUSING SURVEY

The AHS provides extensive information on housing units in the United States, including data on rent and other housing costs; income and other characteristics of households residing in the housing units; and indicators of housing quality, such as plumbing and kitchen facilities. The survey, authorized by the Housing and Urban Development Act of 1970, is performed through interviews by the Bureau of the Census for the Department of Housing and Urban Development (HUD). About 60,000 housing units are surveyed. The content and procedures of the AHS were determined after consultation with a variety of users of housing data and through field pretesting. The survey was initially conducted in 1973.

We used data in the AHS to compute rent burdens for lower income households. To determine the condition of a housing unit, we used HUD's definition of deficiencies that cause a unit to be judged inadequate. HUD considers a unit inadequate if it is deficient in one of six areas, such as lacking electricity or lacking kitchen facilities. If a unit is not deficient in any of the six factors, we classified the unit as adequate. (See app. VI.) We relied on area median family income figures from HUD and from the Current Population Survey² to classify households by income groups. We did not assess the reliability of the AHS data or the data used to determine area median family income. The views of directly responsible officials were sought during the course of our work and incorporated in the report where appropriate. We did not request HUD to review and comment officially on a draft of this report. A more detailed description of our objectives, scope, and methodology is contained in appendix V.

²The Current Population Survey is a nationwide survey conducted monthly by the Bureau of the Census and provides information on household characteristics such as age, educational background, and ethnic status. In addition, the survey annually collects other information on households, including income.

TRENDS IN RENT BURDENS

Higher rent burdens result in households paying a greater percentage of their incomes for rent, leaving them a smaller percentage of their incomes for other expenditures. During the period 1975-83, the number and percentage of lower income households with rent burdens in excess of 30 percent increased by about 4.1 million--from 7.8 million (54 percent) in 1975 to 11.9 million (64 percent) in 1983, as shown in the following table. HUD often uses the figure of 30 percent or less of gross income as a benchmark for a reasonable or affordable rent burden for a lower income household.

Rent Burden of Households with Incomes 80 Percent
or Less of Area Median Family Income

<u>Rent burden^a</u>	<u>1975</u>		<u>1983</u>	
	<u>Housing units (in thousands)</u>	<u>Percent of total</u>	<u>Housing units (in thousands)</u>	<u>Percent of total</u>
30% or less	6,694	46	6,533	36
Over 30%	<u>7,824</u>	<u>54</u>	<u>11,853</u>	<u>64</u>
Total	<u>14,518</u>	<u>100</u>	<u>18,386</u>	<u>100</u>

^aRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

The most significant shift in rent burdens occurred among very low-income households--those with incomes at 50 percent or less of area median family income. As shown in the following table, about 38 percent of these households in 1975 had rent burdens in excess of 50 percent. By 1983, however, this percentage increased to 49 percent; the accompanying decline was primarily in households paying 30 percent or less of their incomes for rent.

Rent Burden of Households with Incomes 0 - 50 Percent
of Area Median Family Income

<u>Rent burden^a</u>	1975		1983	
	<u>Housing units (in thousands)</u>	<u>Percent of total</u>	<u>Housing units (in thousands)</u>	<u>Percent of total</u>
30% or less	2,777	29	2,695	22
Over 30% to 40%	1,670	18	1,897	15
Over 40% to 50%	1,309	14	1,635	13
Over 50% to 60%	982	10	1,339	11
Over 60% to 70%	589	7	935	8
Over 70%	1,995	21	3,681	30
Total^b	9,321	99	12,182	99

^aRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^bThe figures may not add due to rounding.

Rent burdens also shifted, though less severely, for households over 50 to 80 percent of area median family income. For this group, the upward shift in rent burdens between 1975 and 1983 is primarily reflected in the percentage of households paying between 30 and 50 percent of their incomes for rent (22 percent in 1975 and 32 percent in 1983), as shown in the following table. The accompanying percentage decline in rent burdens was primarily among households paying 30 percent or less of their incomes for rent.

Rent Burden of Households with Incomes over 50 to 80 Percent
of Area Median Family Income

<u>Rent burden^a</u>	<u>1975</u>		<u>1983</u>	
	<u>Housing units (in thousands)</u>	<u>Percent of total</u>	<u>Housing units (in thousands)</u>	<u>Percent of total</u>
30% or less	3,917	75	3,838	61
Over 30% to 40%	873	17	1,489	24
Over 40% to 50%	229	5	543	8
Over 50% to 60%	80	1	182	3
Over 60% to 70%	10	0	51	1
Over 70%	87	2	101	2
	1,279	22	2,366	32
Total^b	5,195	100	6,203	99

^aRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^bThe figures may not add due to rounding.

Aside from shifts in rent burdens, three other observations are worth noting in comparing the statistics for the two groups of households. First, in 1983 the number of very low-income households with rent burdens in excess of 30 percent was four times as great as the number of households with the same rent burdens having incomes over 50 to 80 percent of area median family income (9.5 million compared to 2.4 million). Second, in 1983 almost half of the very low-income households were paying 50 percent or more of their incomes for rent, compared to only 6 percent of the households earning over 50 to 80 percent of area median family income. Third, between 1975 and 1983 there was an increase of about 1.7 million very low-income households paying more than 70 percent of their incomes for rent. In comparison, among households earning over 50 to 80 percent of area median family income, there was an increase of only about 14,000 households in the same rent burden category. More detail on the rent burdens for both groups of households is presented in appendixes I and II.

TRENDS IN HOUSING CONDITION

The number and percentage of households with incomes at 50 percent or less of area median family income living in adequate rental units increased from 7.2 million (78 percent) in 1975 to 9.9 million (82 percent) in 1981. The number of households in this same income group living in inadequate units also increased slightly, from 2.1 million in 1975 to 2.2 million in 1981.

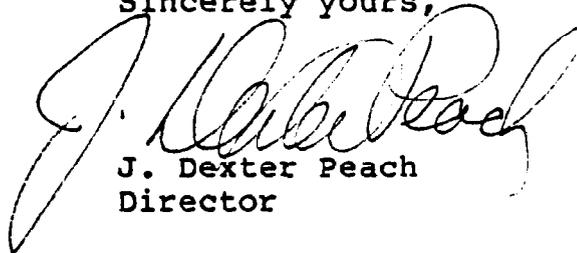
However, the percentage of inadequate units housing this population decreased from 22 percent to 18 percent during this period. (See app. III.)

The number and percentage of households with incomes over 50 to 80 percent of median family income living in adequate units increased from 4.4 million (86 percent) in 1975 to 5.6 million (88 percent) in 1981. In contrast, the number and percentage of households that lived in inadequate units declined slightly from 746,000 (14 percent) in 1975 to 731,000 (12 percent) in 1981. (See app. IV.)

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As agreed with your office, we are sending copies of this report to the appropriate House and Senate committees; the Secretary of Housing and Urban Development; the Director, Office of Management and Budget; and other interested parties. We will make copies available to others on request.

Sincerely yours,

A large, stylized handwritten signature in black ink, appearing to read "J. Dexter Peach". The signature is written in a cursive, flowing style with a large initial "J" and "P".

J. Dexter Peach
Director

C o n t e n t s

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RENT BURDEN OF HOUSEHOLDS WITH INCOMES 0 - 50 PERCENT OF AREA MEDIAN FAMILY INCOME^a

<u>Rent burden^b</u>	1975		1976		1977		1978	
	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total
25% or less	1,908	20	1,907	20	1,820	18	1,871	19
Over 25% - 30%	869	9	966	10	910	9	908	9
Over 30% - 35%	827	9	919	9	907	9	886	9
Over 35% - 40%	843	9	825	8	891	9	891	9
Over 40% - 45%	696	7	718	7	768	8	758	8
Over 45% - 50%	613	7	697	7	731	7	684	7
Over 50% - 55%	512	5	528	5	552	5	586	6
Over 55% - 60%	470	5	475	5	503	5	524	5
Over 60% - 65%	327	4	383	4	409	4	428	4
Over 65% - 70%	262	3	273	3	368	4	342	3
Over 70%	<u>1,995</u>	<u>21</u>	<u>2,055</u>	<u>21</u>	<u>2,190</u>	<u>22</u>	<u>2,220</u>	<u>22</u>
Total rental units ^c	<u>9,321</u>	<u>100</u>	<u>9,746</u>	<u>100</u>	<u>10,051</u>	<u>100</u>	<u>10,099</u>	<u>100</u>

^aThe figures include renter households who report positive income.

^bRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^cThe columns may not add due to rounding.

RENT BURDEN OF HOUSEHOLDS WITH INCOMES 0 - 50 PERCENT OF AREA MEDIAN FAMILY INCOME^a

<u>Rent burden^c</u>	<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1983^b</u>	
	<u>Housing units (000)</u>	<u>Percent of total</u>	<u>Housing units (000)</u>	<u>Percent of total</u>	<u>Housing units (000)</u>	<u>Percent of total</u>	<u>Housing units (000)</u>	<u>Percent of total</u>
25% or less	1,925	18	1,873	17	2,160	18	1,553	13
Over 25% - 30%	991	9	930	9	1,052	9	1,142	9
Over 30% - 35%	871	8	888	8	1,054	9	1,004	8
Over 35% - 40%	906	9	884	8	931	8	893	7
Over 40% - 45%	790	8	813	8	921	8	880	7
Over 45% - 50%	611	6	636	6	792	7	755	6
Over 50% - 55%	583	6	577	5	656	5	652	5
Over 55% - 60%	505	5	521	5	559	5	687	6
Over 60% - 65%	415	4	492	5	500	4	476	4
Over 65% - 70%	397	4	386	4	403	3	459	4
Over 70%	<u>2,450</u>	<u>23</u>	<u>2,817</u>	<u>26</u>	<u>3,068</u>	<u>25</u>	<u>3,681</u>	<u>30</u>
Total rental units ^d	<u>10,443</u>	<u>100</u>	<u>10,817</u>	<u>100</u>	<u>12,097</u>	<u>100</u>	<u>12,182</u>	<u>100</u>

^aThe figures include renter households who report positive income.

^bAfter the 1981 survey, this data is being obtained biennially beginning in 1983.

^cRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^dThe columns may not add due to rounding.

RENT BURDEN OF HOUSEHOLDS WITH INCOMES OVER 50 TO 80 PERCENT OF AREA MEDIAN FAMILY INCOME^a

<u>Rent burden^b</u>	<u>1975</u>		<u>1976</u>		<u>1977</u>		<u>1978</u>	
	<u>Housing units (000)</u>	<u>Percent of total</u>						
25% or less	2,959	57	3,018	56	2,947	52	2,873	49
Over 25% - 30%	958	18	1,028	19	1,139	20	1,119	19
Over 30% - 35%	579	11	598	11	687	12	774	13
Over 35% - 40%	294	6	349	6	370	7	503	9
Over 40% - 45%	141	3	163	3	200	4	222	4
Over 45% - 50%	88	2	90	2	101	2	117	2
Over 50% - 55%	57	1	35	1	46	1	72	1
Over 55% - 60%	23	0	25	0	33	1	28	0
Over 60% - 65%	4	0	9	0	10	0	25	0
Over 65% - 70%	6	0	6	0	3	0	16	0
Over 70%	<u>87</u>	<u>2</u>	<u>65</u>	<u>1</u>	<u>90</u>	<u>2</u>	<u>98</u>	<u>2</u>
Total rental units ^c	<u>5,195</u>	<u>100</u>	<u>5,386</u>	<u>100</u>	<u>5,626</u>	<u>100</u>	<u>5,845</u>	<u>100</u>

^aThe figures include renter households who report positive income.

^bRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^cThe columns may not add due to rounding.

RENT BURDEN OF HOUSEHOLDS WITH INCOMES OVER 50 TO 80 PERCENT OF AREA MEDIAN FAMILY INCOME^a

<u>Rent burden^c</u>	<u>1979</u>		<u>1980</u>		<u>1981</u>		<u>1983^b</u>	
	<u>Housing units (000)</u>	<u>Percent of total</u>						
25% or less	2,923	48	2,689	46	3,135	49	2,569	41
Over 25% - 30%	1,270	21	1,170	20	1,268	20	1,269	20
Over 30% - 35%	773	13	803	14	849	13	949	15
Over 35% - 40%	465	8	523	9	465	7	540	9
Over 40% - 45%	254	4	258	4	253	4	334	5
Over 45% - 50%	120	2	156	3	134	2	209	3
Over 50% - 55%	82	1	82	1	75	1	111	2
Over 55% - 60%	37	1	35	1	40	1	71	1
Over 60% - 65%	19	0	30	1	19	0	29	0
Over 65% - 70%	29	0	18	0	12	0	22	0
Over 70%	<u>105</u>	<u>2</u>	<u>106</u>	<u>2</u>	<u>100</u>	<u>2</u>	<u>101</u>	<u>2</u>
Total rental units ^d	<u>6,075</u>	<u>100</u>	<u>5,870</u>	<u>100</u>	<u>6,351</u>	<u>100</u>	<u>6,203</u>	<u>100</u>

^aThe figures include renter households who report positive income.

^bAfter the 1981 survey, this data is being obtained biennially beginning in 1983.

^cRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^dThe columns may not add due to rounding.

CONDITION OF UNITS OCCUPIED BY HOUSEHOLDS WITH INCOMES 0 - 50 PERCENT
OF AREA MEDIAN FAMILY INCOME^a

	1975		1976		1977		1978	
	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total
<u>Rent burden^b</u>								
25% or less	1,349	14	1,343	14	1,318	13	1,377	14
Over 25% - 30%	606	7	744	8	684	7	682	7
Over 30% - 35%	643	7	704	7	683	7	701	7
Over 35% - 40%	646	7	643	7	713	7	711	7
Over 40% - 45%	552	6	570	6	631	6	614	6
Over 45% - 50%	521	6	549	6	605	6	548	5
Over 50% - 55%	419	4	421	4	460	5	491	5
Over 55% - 60%	378	4	397	4	414	4	423	4
Over 60% - 65%	277	3	332	3	337	3	352	3
Over 65% - 70%	216	2	226	2	293	3	286	3
Over 70%	<u>1,629</u>	<u>17</u>	<u>1,661</u>	<u>17</u>	<u>1,806</u>	<u>18</u>	<u>1,830</u>	<u>18</u>
Adequate units ^c	<u>7,235</u>	<u>78</u>	<u>7,588</u>	<u>78</u>	<u>7,943</u>	<u>79</u>	<u>8,014</u>	<u>79</u>
<u>Rent burden^b</u>								
25% or less	558	6	564	6	503	5	495	5
Over 25% - 30%	263	3	222	2	227	2	226	2
Over 30% - 35%	184	2	215	2	223	2	185	2
Over 35% - 40%	198	2	182	2	178	2	180	2
Over 40% - 45%	144	2	148	2	137	1	144	1
Over 45% - 50%	92	1	149	2	126	1	136	1
Over 50% - 55%	93	1	107	1	92	1	95	1
Over 55% - 60%	92	1	79	1	89	1	101	1
Over 60% - 65%	50	1	51	1	72	1	75	1
Over 65% - 70%	47	1	48	0	75	1	56	1
Over 70%	<u>366</u>	<u>4</u>	<u>394</u>	<u>4</u>	<u>384</u>	<u>4</u>	<u>390</u>	<u>4</u>
Inadequate units ^c	<u>2,086</u>	<u>22</u>	<u>2,158</u>	<u>22</u>	<u>2,108</u>	<u>21</u>	<u>2,085</u>	<u>21</u>
Total units ^c	<u>9,321</u>	<u>100</u>	<u>9,746</u>	<u>100</u>	<u>10,051</u>	<u>100</u>	<u>10,099</u>	<u>100</u>

^aCondition of the unit—adequate or inadequate—is based on HUD's definition of deficiencies.

^bRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^cThe columns may not add due to rounding.

CONDITION OF UNITS OCCUPIED BY HOUSEHOLDS WITH INCOMES 0 - 50 PERCENT
OF AREA MEDIAN FAMILY INCOME^a

	1979 ^b		1980 ^b		1981	
	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total
<u>Rent burden^c</u>						
25% or less	1,441	14	1,440	13	1,680	14
Over 25% - 30%	792	8	755	7	870	7
Over 30% - 35%	704	7	720	7	851	7
Over 35% - 40%	761	7	710	7	800	7
Over 40% - 45%	641	6	684	6	766	6
Over 45% - 50%	509	5	511	5	656	5
Over 50% - 55%	487	5	471	4	555	5
Over 55% - 60%	443	4	436	4	473	4
Over 60% - 65%	351	3	419	4	407	3
Over 65% - 70%	341	3	337	3	342	3
Over 70%	<u>2,045</u>	<u>20</u>	<u>2,378</u>	<u>22</u>	<u>2,546</u>	<u>21</u>
Adequate units ^d	<u>8,514</u>	<u>82</u>	<u>8,862</u>	<u>82</u>	<u>9,946</u>	<u>82</u>
<u>Rent burden^c</u>						
25% or less	484	5	433	4	480	4
Over 25% - 30%	199	2	175	2	182	2
Over 30% - 35%	167	2	168	2	203	2
Over 35% - 40%	145	1	174	2	131	1
Over 40% - 45%	149	1	129	1	155	1
Over 45% - 50%	102	1	126	1	137	1
Over 50% - 55%	97	1	106	1	102	1
Over 55% - 60%	62	1	85	1	86	1
Over 60% - 65%	63	1	72	1	93	1
Over 65% - 70%	56	1	49	0	60	1
Over 70%	<u>405</u>	<u>4</u>	<u>438</u>	<u>4</u>	<u>522</u>	<u>4</u>
Inadequate units ^d	<u>1,929</u>	<u>18</u>	<u>1,956</u>	<u>18</u>	<u>2,151</u>	<u>18</u>
Total units ^d	<u>10,443</u>	<u>100</u>	<u>10,817</u>	<u>100</u>	<u>12,097</u>	<u>100</u>

^aCondition of the unit—adequate or inadequate—is based on HUD's definition of deficiencies.

^bThe number of adequate units is overstated and the number of inadequate units is understated because not all inadequate variables were available from the Annual Housing Survey in 1979 and 1980.

^cRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^dThe columns may not add due to rounding.

CONDITION OF UNITS OCCUPIED BY HOUSEHOLDS WITH INCOMES OVER 50 TO 80 PERCENT
OF AREA MEDIAN FAMILY INCOME^a

	1975		1976		1977		1978	
	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total
<u>Rent burden^b</u>								
25% or less	2,387	46	2,471	46	2,410	43	2,357	40
Over 25% - 30%	877	17	942	17	1,038	18	1,019	17
Over 30% - 35%	542	10	558	10	647	12	724	12
Over 35% - 40%	274	5	324	6	351	6	473	8
Over 40% - 45%	130	3	158	3	194	3	204	3
Over 45% - 50%	82	2	85	2	96	2	112	2
Over 50% - 55%	57	1	35	1	44	1	70	1
Over 55% - 60%	23	0	25	0	33	1	26	0
Over 60% - 65%	4	0	7	0	10	0	23	0
Over 65% - 70%	4	0	6	0	0	0	16	0
Over 70%	67	1	46	1	70	1	65	1
Adequate units ^c	<u>4,449</u>	<u>86</u>	<u>4,658</u>	<u>86</u>	<u>4,895</u>	<u>87</u>	<u>5,088</u>	<u>87</u>
<u>Rent burden^b</u>								
25% or less	572	11	546	10	537	10	516	9
Over 25% - 30%	81	2	86	2	101	2	100	2
Over 30% - 35%	36	1	40	1	40	1	50	1
Over 35% - 40%	20	0	25	0	19	0	30	1
Over 40% - 45%	11	0	5	0	5	0	18	0
Over 45% - 50%	6	0	6	0	5	0	5	0
Over 50% - 55%	0	0	0	0	2	0	2	0
Over 55% - 60%	0	0	0	0	0	0	2	0
Over 60% - 65%	0	0	2	0	0	0	2	0
Over 65% - 70%	1	0	0	0	3	0	0	0
Over 70%	20	0	19	0	20	0	33	1
Inadequate units ^c	<u>746</u>	<u>14</u>	<u>728</u>	<u>14</u>	<u>732</u>	<u>13</u>	<u>758</u>	<u>13</u>
Total units ^c	<u>5,195</u>	<u>100</u>	<u>5,386</u>	<u>100</u>	<u>5,626</u>	<u>100</u>	<u>5,845</u>	<u>100</u>

^aCondition of the unit--adequate or inadequate--is based on HUD's definition of deficiencies.

^bRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^cThe columns may not add due to rounding.

CONDITION OF UNITS OCCUPIED BY HOUSEHOLDS WITH INCOMES OVER
50 TO 80 PERCENT OF AREA MEDIAN FAMILY INCOME^a

	1979 ^b		1980 ^b		1981	
	Housing units (000)	Percent of total	Housing units (000)	Percent of total	Housing units (000)	Percent of total
<u>Rent burden^c</u>						
25% or less	2,452	40	2,244	38	2,624	41
Over 25% - 30%	1,171	19	1,076	18	1,182	19
Over 30% - 35%	714	12	761	13	795	13
Over 35% - 40%	447	7	505	9	431	7
Over 40% - 45%	239	4	250	4	238	4
Over 45% - 50%	110	2	149	3	127	2
Over 50% - 55%	82	1	80	1	75	1
Over 55% - 60%	37	1	35	1	40	1
Over 60% - 65%	19	0	29	0	17	0
Over 65% - 70%	29	0	18	0	10	0
Over 70%	83	1	90	2	81	1
Adequate units ^d	<u>5,383</u>	<u>89</u>	<u>5,237</u>	<u>89</u>	<u>5,620</u>	<u>88</u>
<u>Rent burden^c</u>						
25% or less	471	8	445	8	511	8
Over 25% - 30%	99	2	94	2	86	1
Over 30% - 35%	60	1	42	1	54	1
Over 35% - 40%	18	0	18	0	35	1
Over 40% - 45%	14	0	7	0	15	0
Over 45% - 50%	10	0	7	0	8	0
Over 50% - 55%	0	0	2	0	0	0
Over 55% - 60%	0	0	0	0	0	0
Over 60% - 65%	0	0	2	0	2	0
Over 65% - 70%	0	0	0	0	2	0
Over 70%	22	0	16	0	20	0
Inadequate units ^d	<u>692</u>	<u>11</u>	<u>633</u>	<u>11</u>	<u>731</u>	<u>12</u>
Total units ^d	<u>6,075</u>	<u>100</u>	<u>5,870</u>	<u>100</u>	<u>6,351</u>	<u>100</u>

^aCondition of the unit—adequate or inadequate—is based on HUD's definition of deficiencies.

^bThe number of adequate units is overstated and the number of inadequate units is understated because not all inadequate variables were available from the Annual Housing Survey in 1979 and 1980.

^cRent burden, or rent-to-income ratio, equals gross annual household rent divided by gross annual household income.

^dThe columns may not add to rounding.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our review were to provide data and analyze trends on the (1) rent burdens of households earning 50 percent or less of area median family income and households earning over 50 to 80 percent of area median family income for the period 1975-81 and 1983 and (2) housing condition--adequate or inadequate--for the same income groups for the period 1975-81. In order to accomplish our objectives, we used Annual Housing Survey (AHS) national data tapes. We included only renter households who reported positive income.

Because a household's rent burden is not reported in the AHS, we constructed rent burden by using gross monthly household rent and gross annual household income, as reported by households in response to questions in the AHS. We multiplied gross monthly household rent (contract rent plus utilities or other costs paid by the tenant) by 12 and then divided the total by gross annual household income. Some households may underreport income; however, such understatement of income is likely to be fairly consistent from year to year. Therefore it would not have much, if any, impact on overall trends in rent burdens.

The AHS does not classify a housing unit as physically adequate or inadequate. Thus, to provide data on the number of adequate and inadequate units occupied by households with incomes less than or equal to 80 percent of area median family income, we applied the HUD standard. HUD judges a unit to be physically inadequate if it has one or more deficiencies, such as a lack of electricity or a lack of kitchen facilities. (Appendix VI identifies and explains the six types of deficiencies HUD uses to judge a unit.) If none of these deficiencies exist, we classified a unit as adequate. In 1979 and 1980, the AHS did not collect complete information on all six deficiencies; thus, the total number of inadequate units is somewhat understated.

Our report addresses households earning 0 - 50 percent and over 50 to 80 percent of area median family income. To determine which households fall into these categories, we compared the income of the unit's household with the median income of the area in which the unit is located. The AHS already computed each unit's income, but we had to determine the median income of the area where the unit was located. We used two sources that identify area median income: (1) HUD's Office of Policy Development and Research, which provides median income figures for the 125 largest Standard Metropolitan Statistical Areas (SMSAs), and (2) the Bureau of the Census' Current Population Survey, which provides the census region median income for SMSAs, and the census region median income. (Although HUD's Office of Policy Development and Research computes median income figures similar to those reported in the Current Population Survey, HUD

uses the Current Population Survey figures when they become available, about one year later.)

The AHS identifies the location of a housing unit as either (1) in one of the 125 largest SMSAs or (2) in one of four census regions and either inside or outside an SMSA. For units in one of the 125 largest SMSAs, we used the higher of (1) HUD's median family income figures or (2) the census region median income from the Current Population Survey. We used the Current Population Survey figures for other units. If a unit was in an SMSA, but not one of the 125 largest SMSAs, we used the census region median income for SMSAs. If a unit was not in an SMSA, we used the census region median income. We adjusted the median income figure with the household size adjustment figure used by HUD in setting income eligibility limits for the section 8 assisted rental housing program. For a household size of four, no adjustment of median income was made. The median income figure was adjusted upward for larger households and adjusted downward for smaller households. We then compared the income of the unit with the adjusted median family income to determine if the unit should be included in our figures on households with incomes 0 - 50 percent of median family income or households with incomes over 50 to 80 percent of median family income.

Current Population Survey median income figures for 1983 were not available in March 1985 when we conducted our analysis. Therefore, in place of these numbers, for 1983 we used census region figures generated by HUD's Office of Policy Development and Research. In prior years the HUD figures have been nearly identical to those reported in the Current Population Survey.

We used AHS data tapes supplied by Abt Associates Inc., which is under contract with HUD to supply AHS data to users. We did not assess the reliability of Abt's or HUD's computer systems. We compared data in AHS printed volumes published by Census to data generated from our tapes and found our data to be accurate based on the comparison.

With the exception of not verifying data, our work was performed in accordance with generally accepted government auditing standards. The views of directly responsible officials were sought during the course of our work and are incorporated in the report where appropriate. In accordance with the requestor's wishes, we did not request HUD to review and comment officially on a draft of this report.

HUD'S DEFINITION OF DEFICIENCIES WHICH
CAUSE A UNIT TO BE JUDGED PHYSICALLY INADEQUATE

<u>Type of deficiency</u>	<u>Description of deficiency</u>
Plumbing	<p>Lacks or shares some or all plumbing facilities. (To be judged adequate, the unit must have hot and cold piped water, a flush toilet, and a bathtub or shower--all inside the structure and for the exclusive use of the unit.)</p> <p>Lacks adequate provision for sewage disposal. (To be judged adequate, the unit must be connected to a public sewer, septic tank, cesspool, or chemical toilet.)</p> <p>Has breakdown of flush toilet for 6 consecutive hours or longer 3 or more times during last 90 days.</p>
Kitchen	Lacks or shares some or all kitchen facilities. (To be judged adequate, the unit must have an installed sink with piped water, a range or cookstove, and a mechanical refrigerator--all inside the unit and for exclusive use of the unit.)
Physical structure	Has 3 or more of 6 structural problems: leaking roof; open cracks or holes in interior walls or ceiling; holes in interior floors; peeling paint or broken plaster over 1 square foot in an interior wall or ceiling; evidence of rats or mice in the last 90 days; leaks in basement.
Common areas	Has 3 common-area problems: no light fixtures (or no working light fixture) in common hallway; loose, broken, or missing steps on common stairways; loose or missing stair railings.
Heating	Heated primarily by room heaters, without flues or vents, which burn gas, oil, or kerosene.

Type of deficiencyDescription of deficiency

Electrical

Had breakdown of heating equipment for 6 consecutive hours or longer 3 or more times during the past winter.

Lacks electricity.

Has 3 electrical problems: one or more rooms without a working wall outlet; fuses blown or circuit breakers tripped 3 or more times during the last 90 days; exposed wiring in the unit.

